

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

DOMESTIC ECONOMY: May PMI Prints 52.5: Expansion Deepens Across Sectors, But Cost Headwinds Persist

In our analyses, the May 2025 PMI data sends a mixed signal. On the one hand, rising output, stronger demand, and increased purchasing activity all point to a recovery taking shape. On the other hand, persistent inflation, cost pass-through limitations, wage pressure, and faltering sentiment raise red flags about the durability of that recovery. The gap between input and output prices is no longer a mild imbalance—it is becoming a structural threat to profit margins and, eventually, to employment and investment. With a composite PMI at 52.5, Nigeria’s economy is indeed growing. But if margin pressures are not addressed through fiscal support, FX stability, and productivity reforms, growth may come at the cost of corporate resilience and macroeconomic stability. This is not a moment to relax—it is a moment to recalibrate.....

EQUITIES MARKET: Nigerian Equities Rally 2.57% w/w Ahead of Sallah as All Sectors Close in the Green.....

Looking ahead, we expect the prevailing trend to persist in the near term as investors continue to realign their portfolios in anticipation of further earnings releases and macroeconomic data, particularly Nigeria’s Q1 2025 GDP numbers. The sustained momentum in the market is likely to be driven by a combination of sectoral rotation strategies and positive sentiment surrounding the resilience of the domestic economy. However, trading may remain moderate as some players adopt a cautious stance ahead of fresh catalysts. We maintain our guidance for investors to stay positioned in fundamentally strong counters with solid earnings prospects and defensive characteristics, particularly in light of macroeconomic uncertainty and evolving liquidity dynamics.....

DOMESTIC ECONOMY: May PMI Prints 52.5: Expansion Deepens Across Sectors, But Cost Headwinds Persist.....

Nigeria’s private sector showed broad-based expansion in May 2025, with the composite Purchasing Managers’ Index (PMI) printing at 52.5 index points. This marks a continuation of positive momentum and confirms rising economic activity across industry, services, and agriculture. Yet beneath the encouraging headline numbers lie deepening margin pressures, fragile business confidence, and early signs that rising input costs could soon become inflationary threats if unaddressed.

At the core of the May PMI report is a moderate but clear improvement in production fundamentals. New orders rose to 52.7 index points, suggesting that customer demand, both existing and new, has remained firm despite persistent inflationary conditions. Employment growth, reflected in an index reading of 51.1, also edged upward, showing that businesses are adding jobs to support rising workloads. Simultaneously, the stock of raw materials climbed to 51.4, while supplier delivery times improved, with an index of 52.3—indicative of better supply chain efficiency.

But a closer look reveals significant disparity in sector performance and operating conditions. In the industrial sector, activity rose modestly, with the sector’s PMI reading at 51.6. Output growth reached 53.1 index points while new orders and employment stood at 51.4 and 50.1 respectively. Although positive, the numbers suggest that growth is restrained and possibly uneven across subsectors. Petroleum and coal products led the expansion while eight of the seventeen industrial subsectors experienced contractions. Notably, paper products showed the steepest decline, highlighting the uneven impact of cost burdens and demand volatility across manufacturing.

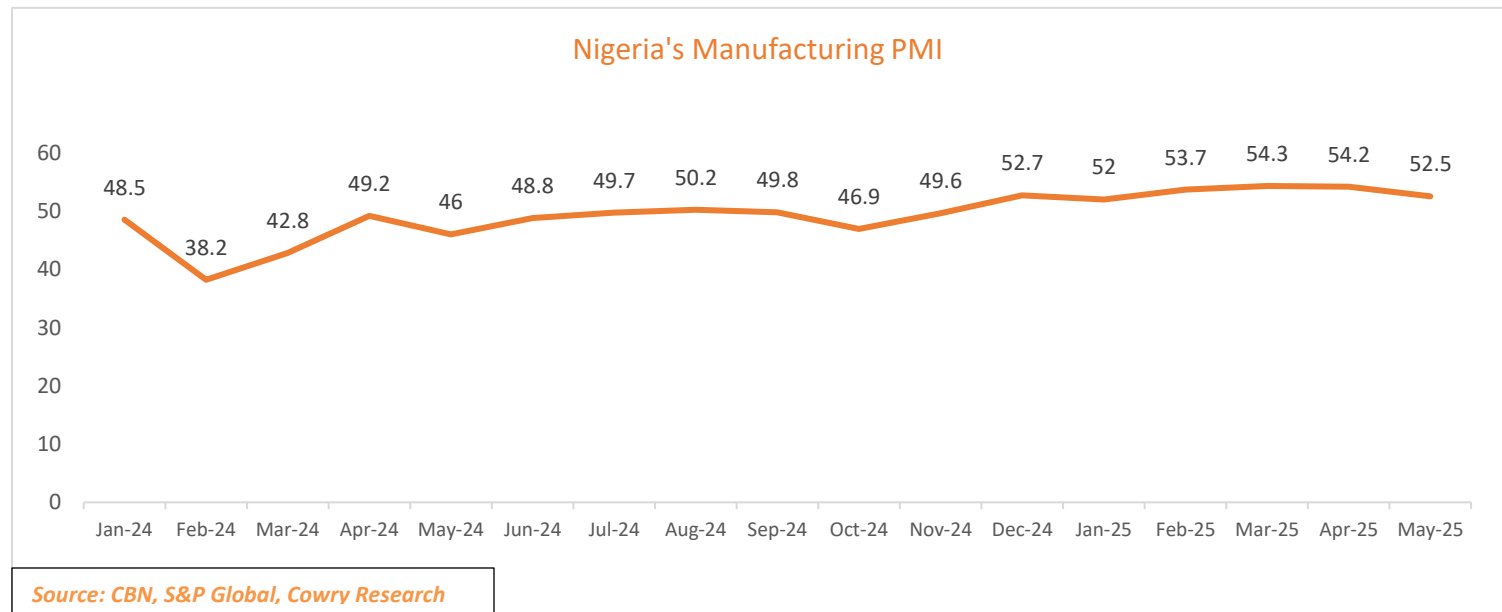
The services sector registered a PMI of 51.7, revealing expansion but with caveats. Only half of the fourteen surveyed

subsectors posted growth. Educational services outperformed, while transportation and warehousing showed the sharpest contraction. Output and new orders remained supportive at 51.5 and 52.5 index points, yet the sensitivity of this sector to fuel prices and consumer demand leaves it vulnerable to macroeconomic shocks. Inventory buildup and employment growth in services were healthy, but the sector’s subdued pricing power constrained revenue growth.

Agriculture emerged as the strongest performer in May, with a PMI of 53.4. New orders climbed to 54.7 and general farming activity expanded to 53.9. Employment and inventory indicators also showed solid improvement, reflecting both planting season activity and resilience among farming businesses. Yet, even here, vulnerabilities persist. Fishing and fish farming contracted, likely due to cost distortions and logistical challenges, while cost absorption in agriculture surged to a sector-high of 10.5 index points. This highlights a dangerous disconnect between soaring input costs and the inability of agricultural firms to pass those costs on to buyers—a scenario that threatens sustainability if continued.

Indeed, the cost dynamic is emerging as a central risk to Nigeria’s nascent recovery. Across all three sectors, the input price indices were consistently higher than output price indices, pointing to severe margin compression. Agriculture and industry bore the brunt of these cost shocks, while the services sector, although less affected, still faced rising input bills. The result is an uncomfortable imbalance: businesses are absorbing costs to retain market share, but such strategies are likely unsustainable. Unless price pass-through improves or input inflation eases, the pressure will either bleed into consumer prices or force production cutbacks.

In our analyses, the May 2025 PMI data sends a mixed signal. On the one hand, rising output, stronger demand, and increased purchasing activity all point to a recovery taking shape. On the other hand, persistent inflation, cost pass-through limitations, wage pressure, and faltering sentiment raise red flags about the durability of that recovery. The gap between input and output prices is no longer a mild imbalance—it is becoming a structural threat to profit margins and, eventually, to employment and investment. With a composite PMI at 52.5, Nigeria’s economy is indeed growing. But if margin pressures are not addressed through fiscal support, FX stability, and productivity reforms, growth may come at the cost of corporate resilience and macroeconomic stability. This is not a moment to relax—it is a moment to recalibrate.



EQUITIES MARKET: Nigerian Equities Rally 2.57% w/w Ahead of Sallah as All Sectors Close in the Green

The Nigerian equities market sustained a strong bullish momentum this week, with the benchmark NGX All-Share Index climbing 2.57% to close at 114,616.75 points ahead of the Sallah holiday. Gains were recorded in all four trading sessions, underpinned by renewed investor interest in financial services, energy, telecoms, and FMCG stocks. The rally was largely driven by portfolio rebalancing activities at the onset of the new trading month, alongside tailwinds from earnings season and the recent PMI report, which signaled renewed resilience in the Nigerian economy.

Reflecting this optimism, market capitalisation expanded by N1.81 trillion to N72.28 trillion, also up 2.57% week-on-week. Market internals remained healthy, with 53 stocks advancing against 43 decliners, resulting in a positive market breadth of 1.23x. Consequently, the year-to-date (YTD) return for the benchmark index strengthened to 11.36%, as investors continued to build exposure to sectors poised to benefit from both cyclical and structural tailwinds.

Despite the bullish sentiment, trading activity moderated during the week. Total deals declined by 28.7% week-on-week to 63,763 transactions, as investors took a more calculated approach amid profit-taking and holiday-shortened trading. Similarly, total traded volume fell by 15.6% to 3.19 billion units, while the total value of trades declined by 37.2% to N74.88 billion. These figures suggest a rally driven more by selective accumulation than broad-based high-volume buying, a trend typical of the early stages of sectoral repositioning.

All major sector indices closed in positive territory, reaffirming broad-based investor appetite. The NGX Banking Index led the rally with a 4.69% gain, buoyed by strong performances in ACCESSCORP, WEMABANK, GTCO, and FIRSTHOLDCO. The Insurance Index rose 3.36%, lifted by LASACO, WAPIC, GUINEA INSURANCE, and CORNERSTONE. The Oil & Gas Index was not left behind, advancing by 3.33% on the back of sharp upticks in OANDO and JAPAU LGOLD.

Elsewhere, the Consumer Goods Index gained 2.33% week-on-week, driven by price gains in MAYBAKER, FIDSON, INTERNATIONAL BREWERIES, and GUINNESS. The Industrial Goods Index also edged higher by 1.18%, thanks to renewed interest in DANGOTE CEMENT, BERGER PAINTS, and LAFARGE AFRICA. Meanwhile, the NGX Commodities Index posted a 0.72% weekly gain, led by stocks such as MULTIVERSE and ARADEL.

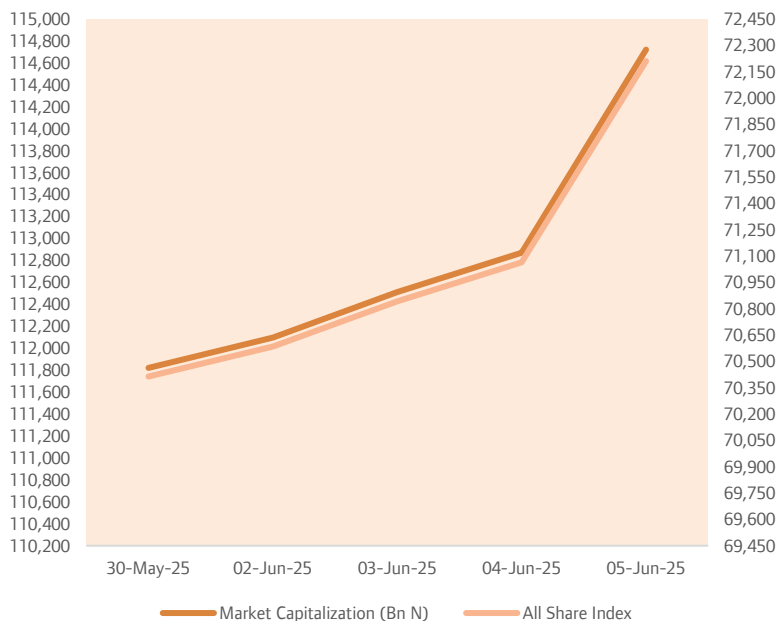
Top-performing equities for the week were OANDO (+25.8%), LASACO (+21.6%), MULTIVERSE (+20.4%), CORNERSTONE (+19.5%), and FIRSTHOLDCO (+17.6%), reflecting a mix of recovery plays and speculative momentum. On the laggard's table, ABCTRANS declined the most, shedding 18.6%, followed by JULIUS BERGER (-13.5%), LEGEND INTERNET (-13.3%), LIVESTOCK (-12.2%), and ETRANZACT (-11.8%), as profit-taking set in across selected counters.

Looking ahead, we expect the prevailing trend to persist in the near term as investors continue to realign their portfolios in anticipation of further earnings releases and macroeconomic data, particularly Nigeria's Q1 2025 GDP numbers. The sustained momentum in the market is likely to be driven by a combination of sectoral rotation strategies and positive sentiment surrounding the resilience of the domestic economy. However, trading may remain moderate as some players adopt a cautious stance ahead of fresh catalysts. We maintain our guidance for investors to stay positioned in fundamentally strong counters with solid earnings prospects and defensive characteristics, particularly in light of macroeconomic uncertainty and evolving liquidity dynamics.

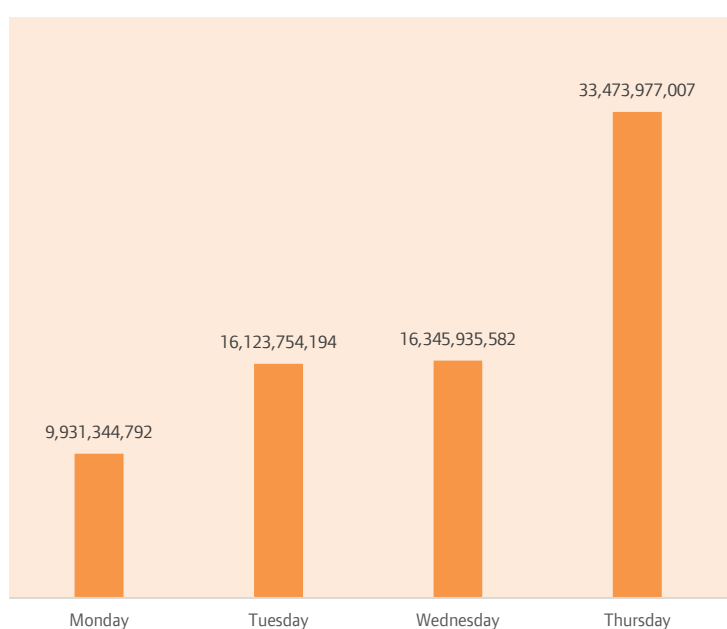
Weekly Top Gainers and Losers as at Thursday, June 5, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	05-Jun-25	30-May-25	% Change	Symbol	05-Jun-25	30-May-25	% Change
OANDO	56.85	45.20	25.8%	ABCTRANS	2.40	2.95	-18.6%
LASACO	3.15	2.59	21.6%	JBERGER	118.50	137.00	-13.5%
MULTIVERSE	9.15	7.60	20.4%	LEGENDINT	5.34	6.16	-13.3%
CORNERST	3.92	3.28	19.5%	LIVESTOCK	8.25	9.40	-12.2%
FIRSTHOLDCO	29.40	25.00	17.6%	ETRANZACT	6.00	6.80	-11.8%
MAYBAKER	13.80	11.80	16.9%	LEARNAFRCA	3.85	4.31	-10.7%
FIDSON	31.80	27.85	14.2%	CONOIL	268.30	298.10	-10.0%
MTNN	319.20	280.10	14.0%	NNFM	125.05	138.90	-10.0%
CHAMPION	7.70	6.80	13.2%	TRANSCOHOT	132.80	147.50	-10.0%
INTBREW	10.95	9.70	12.9%	CUTIX	3.08	3.42	-9.9%

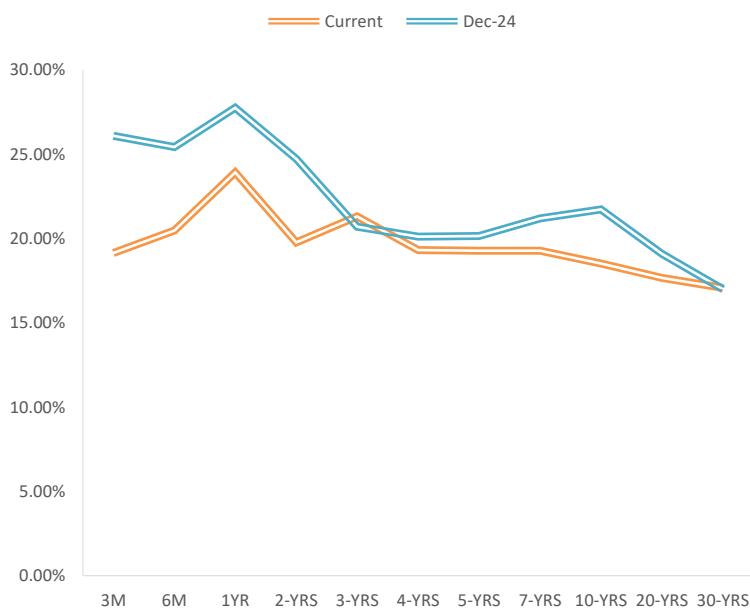
Evolution of Equities Performance Gauges



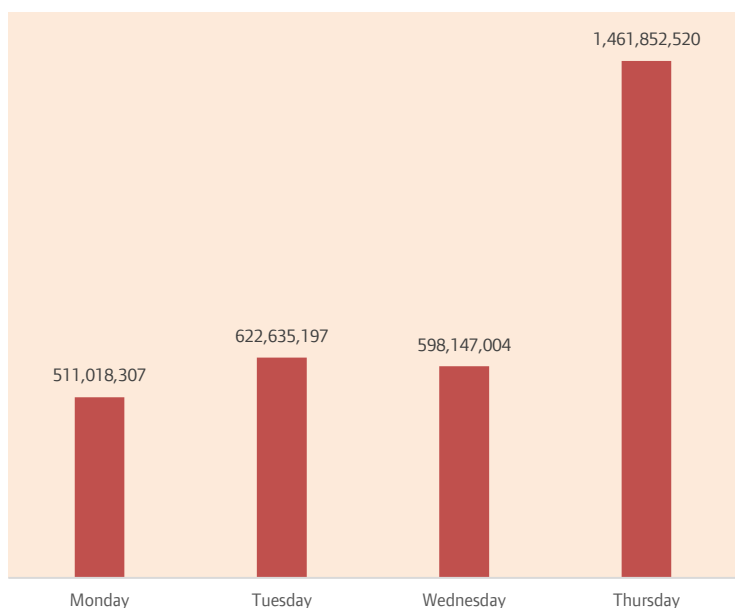
Daily Traded Value



NAIRA YIELD CURVE



Daily Traded Volume



FGN Eurobonds Trading Above 8% Yield as at Thursday, June 5, 2025

FGN Eurobonds	Issue Date	TTM (years)	05-Jun-25 Price (N)	Weekly USD Δ	05-Jun-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.46	100.29	0.15	7.0%	-0.35
6.50 NOV 28, 2027	28-Nov-17	2.48	97.26	0.71	7.7%	-0.33
6.125 SEP 28, 2028	28-Sep-21	3.32	93.56	0.89	8.4%	-0.32
8.375 MAR 24, 2029	24-Mar-22	3.80	99.11	1.18	8.7%	-0.37
7.143 FEB 23, 2030	23-Feb-18	4.72	92.95	1.35	9.0%	-0.37
8.747 JAN 21, 2031	21-Nov-18	5.63	97.60	1.58	9.3%	-0.37
7.875 16-FEB-2032	16-Feb-17	6.70	91.71	1.60	9.6%	-0.35
7.375 SEP 28, 2033	28-Sep-21	8.32	86.27	1.69	9.8%	-0.33
7.696 FEB 23, 2038	23-Feb-18	12.73	83.12	1.68	10.1%	-0.27
7.625 NOV 28, 2047	28-Nov-17	22.50	76.20	1.43	10.4%	-0.21
9.248 JAN 21, 2049	21-Nov-18	23.65	89.25	1.57	10.5%	-0.20
8.25 SEP 28, 2051	28-Sep-21	26.33	79.49	1.68	10.6%	-0.24

Weekly Stock Recommendations as at Thursday, June 5, 2025

Stock	Current EPS	Forecast EPS	BV/S	P/B Ratio	P/E Ratio	52 Wks' High	52 Wks' Low	Current Price	Price Target	Short term Stop Loss	Short term Take Profit	Potential Upside	Recommendation
BERGER PAINTS PLC	1.07	1.49	14.28	1.44	19.20x	25.40	13.00	20.50	28.7	17.4	23.6	40.00	Buy
CHAMPION BREWERIES PLC	0.1	0.2	1.46	5.28	69.98x	8.25	2.72	7.70	12.3	6.5	8.9	60.00	Buy
OKOMU OIL PLC	22.79	34.64	79.35	8.19	28.52x	650	265	650.00	988.0	552.5	747.5	52.00	Buy
WEMA BANK PLC	1.67	2.54	13.64	1.03	8.38x	15.1	5.8	14.00	21.3	11.9	16.1	52.00	Buy
ZENITH BANK PLC	7.59	11.53	108.18	0.47	6.69x	52.00	31.95	50.75	77.1	43.1	58.4	52.00	Buy

U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Thursday, June 5, 2025

MAJOR	05-Jun-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.1439	1.1417	0.19%	0.60%	0.60%	10.42%
GBPUSD	1.3577	1.3553	0.18%	0.64%	1.58%	8.45%
USDCHF	0.8203	0.8188	0.18%	-0.29%	-0.25%	-9.60%
USDRUB	77.4962	79.2476	-2.21%	0.78%	-4.91%	-31.72%
USDNGN	17.7527	17.8347	-0.46%	-1.62%	-2.62%	1.32%
USDZAR	17.7527	17.8347	-0.46%	-0.25%	-2.40%	-5.82%
USDEGP	49.6700	49.6700	0.00%	-0.24%	-1.97%	-2.21%
USDCAD	19.16	19.1960	-0.20%	-1.05%	-0.83%	-4.96%
USDMXN	19.16	19.1960	-0.20%	-0.87%	-2.61%	-8.12%
USDBRL	5.59	5.6361	-0.88%	-1.38%	-2.16%	-9.62%
AUDUSD	0.6041	0.6032	0.15%	1.07%	0.26%	5.20%
NZDUSD	0.6041	-0.0600	0.15%	0.92%	0.52%	7.98%
USDJPY	7.1742	7.1714	0.04%	-0.39%	0.86%	-8.71%
USDCNY	7.1742	7.1714	0.04%	-0.20%	-0.50%	-2.23%
USDINR	85.7980	85.9183	-0.14%	0.51%	1.23%	0.26%

Global Commodity Prices as at 3:30 PM GMT+1, Thursday, June 5, 2025

Commodity		05-Jun-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	63.4	62.9	0.83%	3.99%	7.25%	-11.64%
BRENT	USD/Bbl	65.3	64.9	0.72%	3.15%	5.14%	-12.45%
NATURAL GAS	USD/MMBtu	3.7	9.8	-1.05%	4.54%	6.32%	1.35%
GASOLINE	USD/Gal	2.1	2.0	1.55%	1.74%	-0.36%	2.56%
COAL	USD/T	104.5	104.3	0.19%	3.52%	6.04%	-16.61%
GOLD	USD/t.oz	3,353.0	3,372.9	-0.59%	1.03%	-1.42%	27.74%
SILVER	USD/t.oz	35.6	34.5	3.23%	6.91%	7.44%	23.36%
WHEAT	USD/Bu	545.0	543.2	0.33%	2.06%	5.01%	-1.18%
PALM-OIL	MYR/T	3,904.0	3,949.8	-1.16%	-0.74%	2.95%	-12.15%
COCOA	USD/T	10,092.9	9,804.6	2.94%	10.10%	13.89%	-12.26%



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